



SB 1591 - HB 1605

March 19, 2020

SUMMARY OF ORIGINAL BILL: Creates a new specialty earmarked license plate for the Southern Leopard Frog.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$15,700/FY20-21/Wildlife Resources Fund
\$12,500/FY20-21/Tennessee Arts Commission
\$3,100/FY20-21/Highway Fund

\$17,500/FY21-22 and Subsequent Years/Wildlife Resources Fund
\$14,000/FY21-22 and Subsequent Years/Tennessee Arts Commission
\$3,500/FY21-22 and Subsequent Years/Highway Fund

Other Fiscal Impacts – The Department of Revenue will retain approximately \$3,640 from the sale of every 1,000 license plates to compensate TRICOR for production, warehousing, and distribution costs. TRICOR will receive approximately \$140 in net revenue in FY20-21.

SUMMARY OF AMENDMENTS (015783, 017385):

Amendment 015783 deletes all language after the enacting clause.

Section 1 specifies that spouses of a member of the Free and Accepted Masons are authorized to apply for a Masons' specialty earmarked license plate.

Sections 2 and 3 create a new specialty earmarked license plate for the Alumni Program of the University of Tennessee, Knoxville.

Sections 4 and 5 create a new specialty earmarked license plate for the University of Miami.

Sections 6 and 7 create a new specialty earmarked license plate for I RECYCLE.

Sections 8 and 9 create a new specialty earmarked license plate for the University of Texas.

Sections 10 and 11 create a new specialty earmarked license plate for the West Virginia University.

Sections 12 and 13 create a new specialty earmarked license plate for ALS Awareness.

Sections 14 and 15 create a new specialty earmarked license plate for the Make-A-Wish Foundation.

Sections 16 and 17 create a new cultural license plate for the Delta Kappa Gamma Society International.

Sections 18 and 19 create a new specialty earmarked license plate for African American Breast Cancer Awareness.

Sections 20 and 21 create a new specialty earmarked license plate for the Loyal Order of Moose.

Sections 22 and 23 create a new specialty earmarked license plate for the Isaiah 117 House.

Sections 24 and 25 create a new specialty earmarked license plate for Habitat for Humanity for Montgomery County.

Sections 26 and 27 create a new specialty earmarked license plate for the Tennessee Chamber of Commerce and Industry.

Sections 28 and 29 create a new specialty earmarked license plate for Mothers Against Drunk Driving (MADD).

Sections 30 and 31 create a new specialty earmarked license plate for the Greene County School System.

Sections 32 and 33 create a new specialty earmarked license plate for Service Dogs Changing Lives.

Sections 34 and 35 create a new specialty earmarked license plate for Childhood Cancer Awareness.

Sections 36 and 37 create a new specialty earmarked license plate for Enjoy the Ride.

Sections 38 and 39 create a new specialty earmarked license plate for the 101st Airborne Screaming Eagle.

Section 40 expands the definition of a “collegiate plate” or “collegiate license plate” to include a four year law school located with Tennessee that is not accredited by the American Bar Association.

Sections 41 and 42 create a new specialty earmarked license plate for Big Brothers Big Sisters.

Sections 43, 44, and 45 add a provision to the original bill to create a cultural military license plate for the Disabled Veteran (service-connected). Decreases the fee for this specialty plate and

for the regular registration fee for plates by 50 percent for disabled veterans who receive or are eligible for social security disability insurance benefits (SSDI) or supplemental security income (SSI).

Section 46 extends the time frame for a new specialty earmarked license plate for the Friends of Shelby Park and Bottoms to reach the minimum issuance requirement to July 1, 2021.

Section 47 adds a provision to the original bill to extend the time frame for a new specialty earmarked license plate for the Niswonger Children’s Hospital to reach the minimum issuance requirement to July 1, 2021.

Section 48 specifies that should any provision of this legislation be held invalid, it shall not affect the validity of the other provisions.

Amendment 017385 adds a provision to the legislation as amended to create a new specialty earmarked license plate for the Women’s Suffrage Centennial.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue –

\$313,600/FY20-21/Specialty Plate Organizations

\$263,400/FY20-21/Tennessee Arts Commission

\$65,900/FY20-21/Highway Fund

\$350,000/FY21-22 and Subsequent Years/Specialty Plate Organizations

\$294,000/FY21-22 and Subsequent Years/Tennessee Arts Commission

\$73,500/FY21-22 and Subsequent Years/Highway Fund

Decrease State Revenue –

Exceeds \$11,900/FY20-21 and Subsequent Years/General Fund

Increase State Expenditures – Exceeds \$1,800/FY20-21/TRICOR

Other Fiscal Impacts - The Department of Revenue will retain approximately \$74,620 from the sale the license plates to compensate TRICOR for production, warehousing, and distribution costs. TRICOR will receive approximately \$2,870 in net revenue in FY20-21.

Assumptions for the bill as amended:

Assumptions for the bill as amended relative to new specialty earmarked license plates:

- Pursuant to Tenn. Code Ann. § 55-4-202(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.

- Under the provisions of this legislation as amended, it is estimated there will be an additional 20 new specialty earmarked license plates issued (sections 2-15, 18-39, and 41 and 42 of amendment 015783 and amendment 017385).
- The annual fee for a new specialty license plate is \$35.00.
- The recurring increase in state revenue is estimated to be \$700,000 [(1,000 plates x \$35.00 fee) x 20].
- Pursuant to Tenn. Code Ann. § 55-4-215, all net revenue will be allocated as follows: 50 percent to specialty plate organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the Highway Fund.
- The Department of Revenue will retain \$3.64 per license plate for a total of \$72,800 [(1,000 plates x \$3.64) x 20], which will be paid to TRICOR in FY20-21 for the cost of production, warehousing, and distribution of the plates.
- The increase in state revenue in FY20-21 is estimated to be \$627,200 (\$700,000 - \$72,800), allocated as follows: \$313,600 (\$627,200 x 50%) to the specialty plate organization; \$250,880 (\$627,200 x 40%) to the Tennessee Arts Commission; and \$62,720 (\$627,200 x 10%) to the Highway Fund.
- The recurring increase in state revenue in FY21-22 and subsequent years is estimated to be allocated as follows: \$350,000 (\$700,000 x 50%) to the specialty plate organization; \$280,000 (\$700,000 x 40%) to the Tennessee Arts Commission; and \$70,000 (\$700,000 x 10%) to the Highway Fund.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate, resulting in \$0.14 net revenue per plate for a one-time increase in net revenue to TRICOR of \$2,800 [(1,000 plates x \$0.14) x 20].

Assumptions for the bill as amended relative to the new cultural license plate:

- Pursuant to Tenn. Code Ann. § 55-4-202(b)(3)(B), new cultural license plates will be subject to a minimum order of at least 500 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- Under the provisions of this legislation, it is estimated there will be one additional cultural license plate issued (sections 16 and 17).
- The recurring increase in state revenue is estimated to be \$17,500 (500 plates x \$35).
- The Department of Revenue will retain \$3.64 per license plate for a total of \$1,820 (500 plates x \$3.64), which will be paid to TRICOR in FY20-21 for the cost of production, warehousing, and distribution of the plates.
- Pursuant to Tenn. Code Ann § 55-4-216, net proceeds from the sale of new cultural license plates will be allocated as follows: 80 percent to the Tennessee Arts Commission; and 20 percent to the state Highway Fund.
- The increase in state revenue in FY20-21 is estimated to be \$15,680 (\$17,500 - \$1,820), allocated as follows: \$12,544 (\$15,680 x 80%) to the Tennessee Arts Commission; and \$3,136 (\$15,680 x 20%) to the Highway Fund.
- The recurring increase in state revenue in FY21-22 and subsequent years is \$14,000 (\$17,500 x 80%) to the Tennessee Arts Commission; and \$3,500 (\$17,500 x 20%) to the Highway Fund.

- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate, resulting in \$0.14 net revenue per plate for a one-time increase in net revenue to TRICOR of \$70 (500 plates x \$0.14).

Assumptions for the bill as amended relative to the new cultural military license plate:

- Military cultural license plates are not subject to any minimum order requirements.
- Under the provisions of this legislation, it is estimated there will be one additional military cultural license plate issued (sections 43-45).
- Pursuant to Tenn. Code Ann § 55-4-203(c)(1), military cultural license plates are issued upon the payment of the regular registration fee and a fee equal to the cost of actually designing and manufacturing the plates.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate.
- This amendment further decreases the fee for this specialty plate and for the regular registration fee for plates by 50 percent for disabled veterans who receive or are eligible for SSDI or SSI.
- For this analysis, it is assumed that all issuances of these plates are for Class B passenger motor vehicles, which has a registration fee of \$23.75, per Tenn. Code Ann. § 55-4-111(a).
- Currently, one free vehicle registration is available to veterans with service-connected disabilities who meet the following criteria:
 - Loss or permanent loss or use of one or both feet;
 - Loss or permanent loss or use of one or both hands;
 - A permanent loss of vision in both eyes, dependent upon severity of visual impairment; or
 - Any other service-connected disability that is determined by the U.S. Department of Veterans Affairs to constitute a 100 percent permanent total disability.
- According to the Department of Veterans Services, there are approximately 117,427 veterans in this state with a service-connected disability.
- Of the 117,427 veterans, 15,585 veterans have sustained 100 percent disabilities. This legislation could potentially impact up to 101,842 veterans (117,427 – 15,585).
- It is assumed that at least 1,000 veterans in this state with service-connected disabilities, who are capable of operating a vehicle and are eligible for either SSDI or SSI will register a passenger vehicle as a result of this legislation and apply for this specialty license plate.
- Such applicant veterans will pay the regular registration fees, but will only pay half the actual cost to design and manufacture such plates, therefore, the cost that will not be covered represents expenditures to TRICOR that will not be reimbursed, as it is assumed that the total cost of these plates would be recovered in full in the absence of this legislation.
- Applicable veterans will pay \$1.75 for a specialty plate (\$3.50 x 50%) and \$11.88 (\$23.75 x 50%) for a regular plate.
- An increase in state expenditures to TRICOR exceeding \$1,750 in FY20-21.
- The decrease in state revenue to the General Fund will exceed \$11,880 (1,000 x \$11.88).

General Assumptions for the bill as amended:

- The total increase in state revenue to the specialty plate organizations in FY20-21 is \$313,600.
- The total increase in state revenue to the Tennessee Arts Commission in FY20-21 is \$263,424 (\$250,880 + \$12,544).
- The total increase in state revenue to the Highway Fund in FY20-21 is \$65,856 (\$62,720 + \$3,136).
- The total increase in state revenue to the specialty plate organizations in FY21-22 and subsequent years is \$350,000.
- The total increase in state revenue to the Tennessee Arts Commission in FY21-22 and subsequent years is \$294,000 (\$280,000 + \$14,000).
- The total increase in state revenue to the Highway fund in FY21-22 and subsequent years is \$73,500 (\$70,000 + \$3,500).
- The Department of Revenue will retain approximately \$74,620 $\{[(1,000 \times 20) + 500] \times \$3.64\}$ from the sale the license plates to compensate TRICOR for production, warehousing, and distribution costs. TRICOR will receive approximately \$2,870 (\$2,800 + \$70) in net revenue in FY20-21.
- The total decrease in state revenue to the General Fund will be at least \$11,880 in FY20-21 and subsequent Years.
- Expanding the definition of a “collegiate plate” or “collegiate license plate” to include a four year law school located with Tennessee that is not accredited by the American Bar Association will not result in a significant fiscal impact to state or local government impact.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/jmg